Zaniya Project Task Force
Thursday, May 10, 2007
Kings Inn, Pierre, SD

The second meeting of the Zaniya project task force began with Lt. Gov. Dennis Daugaard welcoming the members and introducing those members not present at the previous meeting. Corrections to hand-outs were discussed, and the minutes from the previous meeting were distributed.

Cindy Gillespie was introduced to the task force. Cindy led the health care initiative effort in Massachusetts, under the leadership of Gov. Mitt Romney. She will serve as a consultant to the task force throughout the project.

There were four presentations regarding uncompensated care. The first presenter was Ken Senger, SD Association of Healthcare Organizations. The presentation discussed how hospitals account for uncompensated care, which is the sum of the hospital's bad debt and charity care. Bad debt is payment that is expected but not paid and charity care is payment that is not expected and not paid (see handout, "SD Community Hospital Cost-Based Uncompensated Care 1995-2005").

Members asked for more specific information regarding gross and net revenue received by the hospitals, as well as more complete data for growth and total expense vs. growth in uncompensated care. The task force would also like to see clarification regarding the adjustment of figures for inflation.

Barb Smith, CEO of SD Medical Association, presented information regarding physician charity care (see handout, "Physician Charity Care"). On average nationally, physicians performed 7.5 hours of charity care per week, adding up to $54,469/week, and $19.7 billion/year. This information may not be completely accurate, as the questions were asked of a one-week period, and is a few years old. Physicians report more bad debt than charity care, with more charity care happening in emergency rooms. It is important to note differences in data among the various organizations presenting on uncompensated care; some information is based on actual cost, while other information is based on charges. Barb Smith provided the following information on a new survey of charity care in South Dakota: based on responses from 23.3% of the physicians in South Dakota, the average amount of charity care per physician per year is $8,684, which amounts to $14.2 million. According to survey respondents, only a portion of this amount would be recovered if the patients who received charity care had insurance coverage due to coinsurance, copayments, and benefit limits.

Scott Graff, CEO of Community Healthcare Association of the Dakotas (CHAD), presented on community health centers in SD (see handouts). He discussed the differences between urban and rural community health centers; rural health centers tend to serve more people, and they often are Caucasian adults. Rural health centers serve more families in poverty than urban centers do. The number of uninsured users has increased in the last few years. Community Health Centers offer sliding scale discounts,

in which income level and the number of family members affect the amount of discount given. Bad debt in community health centers generally is from those patients who chose not to apply for the sliding scale discount program.

Members asked for more specific information regarding the budget, revenue, and expenses for community health centers.

The final presentation regarding uncompensated care was given by Hugh Grogan on County Indigent Health Care. Counties are responsible for paying for hospital care for the very poor who do not qualify for Medicaid; this payment is funded by property taxes. The amount of services that a county pays varies for different counties. In 1996, a state law established "Indigent by Design", which defines those who are ineligible for county help. Those situations include:

- Persons who have insurance available through their employer and don't access it
- Persons eligible for services from the VA
- Persons eligible for services from IHS
- College students who have insurance offered and do not access it
- People who choose not to work
- People who have the ability to purchase their own insurance and don't.

Along with the "Indigent by Design" statute, an affordability income formula was also adopted. Under the formula, applicants are not eligible for county assistance if the hospital bill can be paid over a sixty month period. This formula does not always work because it does not factor in all of the necessary information (see handout, "2006 County Medical Expenses").

Doneen Hollingsworth, Secretary of Dept. of Health, introduced Dr. Lon Kightlinger. Dr. Kightlinger is the state epidemiologist; he presented information on Native American Health Status (see handouts, "American Indian Health Status"). The death rate for SD Native Americans is twice as high as it is for Caucasians in SD. SD Native Americans had the highest Years of Potential Life Lost (YPLL) before age 75 of any race/ethnic group in the United States, with the leading causes of death for Native Americans being heart disease, cancer, accidents, and diabetes. In SD, Native Americans make up 16% of those living with HIV/AIDS, 47% of those with Chlamydia, and 58% of those with Gonorrhea; this is especially alarming, considering Native Americans make up only 9% of SD's population.

Members requested more information regarding healthcare and access to healthcare for Native Americans. If members would like more complete statistics, please contact Joe Kippley.

Kevin Forsch discussed the task force "homework" for the month. A phone survey will be conducted soon, and there is still time to suggest questions for the survey.
The surveys will provide more in depth information on the uninsured. The survey questions will be emailed to the task force members.

Over the dates of May 14th and 15th, two focus groups of the uninsured will be conducted. One will be in Sioux Falls with a focus on the general population, and the other will be in Rapid City with a focus on the Native American population. Transportation will be available from reservation areas to encourage participation.

The Zaniya project website will be up and running by Friday, May 18. The website will be http://zaniya.sd.gov. All handouts from presentations will be scanned and put online.

Lt. Gov. Daugaard explained that the project goal was defined at the first meeting, and now the task force will continue to obtain information to find and define problems that need to be addressed. The next meeting will include more information from medical associations, focus groups, the survey, etc.

Dr. Ralph Brown presented a Review of Reasons for Being Uninsured, which was a recap of his presentation from the previous meeting. The top three reasons for being uninsured were:

- Could not afford insurance
- Employer does not provide insurance
- Unemployed

Cindy Gillespie facilitated discussion among the group to more thoroughly define the problem. The first step in finding a solution is understanding what the core problems facing SD are, as each state is unique.

The task force identified issues affecting access to health insurance, such as the employer, those who are self-employed, or those who are employed part-time. The members discussed issues facing small businesses, as well as those facing large businesses.

The members requested more data on small businesses, including employer profiles, demographics, size, etc. There was also a request for data showing the average cost of premiums for small businesses.

The geography of the state affects access to healthcare and coverage, especially for Native Americans living on reservations. IHS and tribal programs provide limited health care on the reservation, but any specialized care is contracted out to private providers. When IHS is out of money, contracted care is stopped, and the specialized care cost is transferred to Medicaid or becomes uncompensated care. Native Americans living on the reservation can access health care via IHS. Because of the federal treaties, many Native Americans rely on the federal government's health care obligation rather than purchasing health insurance.

The affordability of insurance is a key issue in defining the problem, as well as the increasing cost of insurance and healthcare. The task force discussed the factors that are driving the cost, as well as what people are willing to pay to obtain insurance.

The next Zaniya project task force meeting will be Thursday, June 14, at the Kings Inn in Pierre. The task force will be looking at solutions from other states.

Members approved the minutes from the previous meeting, and the meeting adjourned.